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Trade Liberalization and the Political Economy of Culture: An International Perspective on FTA

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TRADE LIBERALIZATION AND THE POLITICAL ECONOMY OF CULTURE: AN INTERNATIONAL PERSPECTIVE ON FTA

GRAHAM CARR

Considering the intense scrutiny to which the Canada-U.S. Free Trade Agreement [FTA] has been subjected by Canadians since it was first proposed as a policy option in 1985, it is tempting to feel that the topic has been exhausted or that further discussion is redundant now that the agreement is in place. Sheer pragmatism dictates otherwise, however, for the implementation of FTA is inevitably subject to legal interpretation and the possibility of amendment. As the smaller and more vulnerable party to the arrangement, Canada has particular reason to be conscious of this dynamic and vigilant in responding to it.[1]

One area of the agreement where the need for ongoing analysis is especially acute involves the treatment of culture—meaning the literary, visual, performing and design arts, and communications. Culture has always been central to the trade debate and there are serious misgivings in Canada about how FTA will affect it. Some of these misgivings stem from glaring discrepancies between the official Canadian and American versions of the agreement.

While Canada stresses that FTA protects indigenous cultural industries and government policies by exempting culture from the normal provisions of the agreement, the United States maintains that this measure is "protectionist" and is offset by a second exemption which justifies retaliation against Canadian policies deemed harmful to American interests.[2]

Beyond these discrepancies, however, there is also ambiguity about the scope for future negotiation in the cultural sphere. A number of issues which potentially impinge on culture— including the definition of subsidies, Canadian review of foreign takeovers, and protection of intellectual property— were not resolved in the charter text of the agreement and have been scheduled for later rounds of talks.[3] But the parties differ about the allowable parameters for such negotiations. While Canada insists that the charter text of FTA, as it pertains to culture, is final and that any discussion of new issues must proceed on the understanding that culture is exempt from the basic provisions of the agreement, the United States maintains that the two countries have "agreed to disagree on the question of Canadian protection for cultural industries, and...are still debating the issue."[4] Indeed the American government regards culture as a priority item for follow-up talks and is openly committed to extending the treaty provisions on liberalized investment to include "cultural industries...not currently covered by the Agreement"; to improving "the recognition and adequate protection of intellectual property, including copyrights"; and to establishing "dispute resolution procedures and binational enforcement of intellectual property standards."[5]

If the inconsistencies and contradictions apparent in the two countries' positions conveniently illustrate the ambiguity of FTA, one thing about the agreement is clear: despite the vaunted achievement of the exemption, Canada has again been put on the defensive by stated American intentions in the cultural sphere. At this juncture, therefore, the question facing Canadian policy makers is how best to respond to the

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prospect of renewed initiatives in the future. Obviously, conventional arguments about the imperative need for special measures to protect the unique and precious nature of the country's artistic productions and broadcasting services have done little to slow down the American drive for liberalized trade in culture. Yet instead of developing fresh ideas to deflect this pressure, Canadian commentators seem inclined to restate positions they have been taking since the negotiations on FTA began. As they see it, the task for Canadians is to "educate our trade partners" about the nature of Canadian cultural policy and convince the United States that "the onus for change and accommodation in this critical area must rest on them."[6]

Undoubtedly, it is true that many Americans continue to misunderstand some features of Canadian culture and that further efforts must be made to correct this situation if the agreement is to be implemented in a mutually satisfactory way. But to blame the disagreements over culture solely on American insensitivity and misperceptions, or expect to persuade the United States of the need for special concessions by merely rehearsing all the arguments which have not worked before, is bound to prove futile. In order to deal effectively with the cultural challenges posed by the United States, Canadians must do better than educate the Americans; they must educate themselves. Specifically, they need to expand the terms of reference in which their interpretation of FTA is usually framed. Instead of regarding the agreement from a closed, nationalist viewpoint which focuses exclusively on the distinctiveness of Canada's cultural concerns, it is productive to adopt an international perspective which examines American cultural interests more fully and gives serious consideration to the changing relationship between trade liberalization and the political economy of culture in world affairs.

This paper addresses three issues which are fundamental to such a reformulation of Canada's position on culture and FTA. First, it explores the nature and extent of American government involvement in culture in relation to the strategy of exemptionalism pursued by Canada in negotiating free trade. In essence, the case for exemptionalism is built on the assumption that Canadian culture relies on a high degree of state intervention which is inconsistent with the principles of trade liberalization, while American culture does not. Although this dichotomous view of things may be politically attractive to nationalists on both sides of the border, albeit for different reasons, it obscures the fact that governments at all levels in the United States promote and protect culture in ways which parallel Canadian practices. By documenting and emphasizing the similarities between the two countries, therefore, Canadians will be

in a stronger position to counter American claims— brought up during dispute resolutions or in the course of future negotiations— that their cultural practices are singularly inconsistent with free trade. Moreover, it will enable them to more effectively uphold the logic of exemptionalism by citing the established tradition of government support for culture in the United States as proof that culture is, and should be, treated differently from material goods and other items of exchange.

Secondly, the paper examines the relationship between the United States' position on culture in FTA and the larger context of American foreign and commercial policies. It is an axiom of international relations that parties to negotiations or agreements should understand their counterparts' motives as thoroughly as they comprehend their own. Yet it is characteristic of the Canadian view of FTA to assume that bilateral considerations drive American decision-making, and that the main object of the agreement for the United States is to secure greater access to Canada's arts and broadcasting markets. Important as these considerations may be, the problem with dwelling on them in isolation is that they diminish the significance of cultural issues to the larger interests of the United States. Far from being an end in itself, FTA is merely one agreement in a series of bilateral and multilateral American initiatives which aim to redefine culture as an object of trade by linking it to the concept of information and the doctrines of technology transfer and free flow. What the debate on free trade has failed to consider in sufficient detail is that it is not just Canadian culture which is at stake with the implementation or renegotiation of FTA: it is the idea of culture itself. The ramifications of this, in terms of the spillover from the cultural sector into other areas of economic activity— such as telecommunications, tourism, or computer services— and *vice versa*, are immense. But they can only be fully appreciated by locating FTA in relation to the broader objectives of recent American diplomacy. Until these issues have been explored in more detail, Canadians will be vulnerable to unanticipated encroachments in the cultural realm.

Finally, the paper considers how culture is treated in various international trade agreements involving countries of disparate size, wealth, and power. Although FTA is rooted in the principles of the GATT (General Agreement on Tariffs and Trade), and modeled on a number of European trade agreements, as well as those between Australia and New Zealand, conventional wisdom in Canada has it that the problems inherent in the Canadian-American relationship are unique. In reality, though, the extraordinary transnationalization and industrialization of cultural production and distribution which has occurred during the past two years has forced all countries to rethink the relation-

ship between trade liberalization and culture and ponder the viability of their national sovereignty in an era of globalization. By comparing the charter text of FTA to its prototypes and examining the experiences of the parties to those agreements over time, Canadians can develop a clearer sense of the options available to them in the cultural sphere and identify technical precedents which may be relevant to negotiating claims made by the United States.

In short, the purpose of this paper is not to predict how FTA will affect Canadian culture. Nor is it intended to devise specific technical policies or suggest negotiating strategies which Canada should adopt in future talks with the United States. Instead, its goal is to propose an analytical framework out of which an adequate response to American initiatives might emerge. The agreement raises a number of fundamental questions about the nature of culture and its relationship to trade liberalization which have not been properly addressed in Canada, but which are of pressing concern now that FTA is in its implementation phase. By being better educated about American cultural policies and their importance to the larger commercial and diplomatic interests of the United States on the one hand, and becoming more attuned to the cultural dimensions of international trade accords with which FTA may be usefully compared on the other, Canadians will be better able to answer these questions, and advance their cultural interests in the future.

BACKGROUND

For anyone who has not followed the history of Canadian-American relations closely, the extraordinary furor over the cultural provisions of what is, after all, a trade agreement, may seem puzzling. Therefore, it is useful to begin this discussion of FTA with a brief explanation of the importance of cultural issues to Canadian public policy, and a recapitulation of the provisions on culture which the agreement contains.

The concern with preserving the integrity of Canadian culture against the bold and pervasive influence of the United States has been a staple of the country's public discourse since the early 19th century. While many Canadians willingly accept and in some cases eagerly embrace American culture, others fear that the high visibility of American media and artistic productions in Canada, either through direct transmission or Canadian reproduction, threatens the distinctiveness of the nation's culture. Partly, this despair is a matter of taste and aesthetic judgment which reflects disapproval of the values that American culture is perceived to convey. But the critique of external influence also derives from economic and institutional concerns. American radio, television,

magazines, film, videos, books, and music dominate the Canadian market, and the net effect of this is to limit the competitive scope for domestic cultural expression. Paradoxically, therefore, the "overwhelming problem for Canadian creators is achieving access to the Canadian market."[7]

Confronted by these realities, a broad consensus has emerged in Canada that the successful development of an independent culture is "essential to the well-being not only of the arts community but of our economy, our national consciousness, ourselves."[8] According to Pierre Juneau, a former president of the Canadian Broadcasting Corporation (CBC), the cultural system is so vital to national well-being that if it was ever to fail, "Canada may remain some kind of trading mechanism, but I doubt if it will remain a country."[9] To insure that the system does not fail, therefore, enormous emphasis has been placed on the importance of state-directed policy in the cultural sphere, with the result that governments at all levels perform several enabling roles as patrons, regulators, proprietors, catalysts, and custodians.[10]

In this context, the dilemma posed by FTA is twofold. On a general level, critics of free trade predict that it will channel even more social and economic activity north and south, as opposed to east and west, than is already the case, and that this will hasten the destruction of Canadian culture by reducing funding and other forms of support on which it depends.[11] But this view is rejected by proponents of the agreement who claim that "despite steadily increasing our trade with the U.S. over more than fifty years Canadians have not become less but in fact more Canadian." Far from damaging the country's culture, they argue, free trade will literally enrich it by strengthening the economy and forcing cultural production to be streamlined and self-sufficient.[12]

At a more specific level, the trade initiative also raises concerns about the continued viability of government policies in the cultural sphere. Because subsidies and protective measures invariably discriminate on the basis of national origin, they run counter to the principles of trade liberalization by interfering with freedom of exchange and denying equality of treatment. Therefore, when the trade initiative was first proposed, defenders of the existing cultural system immediately expressed fears that the infrastructure of programs designed to support Canadian culture would become vulnerable to negotiation and warned the government against treating cultural policies "as mere chips that may be traded across a bargaining table."[13] Even the Royal Commission on the Economic Union and Development Prospects for Canada (Macdonald Commission), which made the recommendation for freer trade with the United States in the first place, advised the government to secure "explicit treaty provisions that would authorize public funding

of...cultural activities and permit affirmative discrimination for Canadian producers" as a means of protecting indigenous culture and maintaining national identity.[14]

Faced with these domestic pressures, the government undertook to negotiate special treatment for culture in order to "remove any ambiguity that Canada's unique cultural identity remains untouched by the Agreement."[15] The centerpiece of its achievement is Article 2005(1) of FTA which states that "cultural industries are exempt from the provisions of this Agreement." According to the government, this exemption signifies American recognition of Canada's cultural distinctiveness, and entrenches the principle that determining "whether or not specific Canadian cultural industries require special measures to assist them is a domestic issue that falls outside trade negotiations." Not only does FTA do "nothing to prevent present and future measures to protect and promote Canadian culture," it affirms the state's "capacity" to "encourage and help" cultural industries while shielding them against American counteraction by virtue of the dispute-settlement mechanism.[16]

While some libertarians in the arts community agree that FTA poses "no threat to our national identity...[or] to any form of cultural expression," many of the country's leading cultural organizations take the opposite view.[17] Predictably, much of their criticism focuses on the quality of the exemption. Although most critics of the agreement staunchly support the strategy of cultural exemptionalism, they question the purported comprehensiveness of Article 2005(1) and flatly reject the government's claim that its "solemn promise to exempt Canadian culture from the Free Trade Agreement has been unequivocally met."[18]

Looking through the agreement as a whole, it is easy to see why these questions arise, for cultural issues intrude in several places. For example: Article 401 eliminates duties on some cultural products; Annex 1404C undertakes to facilitate cross-border telecommunications and information flow; Annexes 1408 and 1502(1) lift entry restrictions for persons engaged in certain culture-related services; Articles 1607(1) and 1607(4) restrict new foreign ownership in communications and cultural industries; Article 2004 commits both countries to strengthening intellectual property protection; Article 2006 adjusts Canadian copyright legislation for cable retransmission and mandates further negotiation of the issue; Article 2007 forces Canada to repeal sections of its income tax legislation pertaining to the definition of Canadian periodicals as they affect advertising deductions; Article 2011 lays down procedures for handling disputes which may affect certain areas of culture; and Article 2012 defines which cultural industries are covered by the agreement, while leaving open the matter of which are not. As far as Article 2005

goes, therefore, FTA is the diplomatic equivalent to squaring the circle: culture may be exempted from the agreement, but "it most assuredly has not been left out."[19]

Because the agreement gives off such contradictory signals on whether or not culture is truly exempt from free trade, it is inevitable that there is some anxiety about the way in which the parties have defined culture, and about the relationship which exists between culture and other forms of economic activity covered by FTA. In particular, critics of the agreement worry that what is promised in Article 2005(1) is rendered irrelevant by Article 2005(2), which states: "Notwithstanding any other provision of this Agreement, a Party may take measures of equivalent commercial effect in response to actions that would have been inconsistent with the Agreement but for paragraph 1." Canadians have had indifferent success with notwithstanding clauses lately, and the fear is that this one amounts to another "formula for setting us against each other." Not only does it punish non-cultural sectors of the economy for "affirmative action" taken to protect culture, it may discourage the government from supporting culture altogether.[20] These fears are compounded by a reading of Article 2011, on Nullification and Impairment, which outlines the process for settling disputes that arise over measures perceived by one of the parties to be discriminatory. Although the article specifies that the mechanisms do not apply to Article 2005, they do pertain to other sections of the agreement involving culture, including Article 2006 on broadcast retransmission.[21]

Independent of these specific concerns about the viability of the exemption as a means of protecting domestic culture, Article 2005 is also troubling as an instrument of Canadian foreign policy. It has long been a cardinal rule of Canadian diplomacy to avoid any linkage of issues in bilateral dealings with the United States on the grounds that the advantages in such arrangements would automatically redound to the Americans by virtue of their greater scope for retaliation.[22] Yet in spite of this, and notwithstanding the specific counsel of the Macdonald Commission to resist linkage above all where culture is concerned, the Canadian government has leashed the treatment of culture to other areas of the agreement by consenting to the retaliation clause in Article 2005(2).[23] In this respect, the cultural provisions of FTA establish a precedent which goes far beyond the limits of the agreement and has immense implications for the conduct of bilateral negotiations as a whole.

Finally, beneath much of the criticism which is directed against the actual provisions on culture in FTA, there is profound disapproval of the underlying philosophy of the agreement and widespread distrust of the Canadian government's intentions in the cultural sphere. Many critics

of FTA believe that the pressure to harmonize government practices on subsidies and relax discriminatory protectionist policies to conform with the spirit of the agreement is already leading to cutbacks in public funding for culture and "making new initiatives...more difficult."[24] In the period since the implementation of FTA the federal government has introduced a new broadcasting bill which relaxes foreign ownership restrictions; initiated the sale of government shares in the satellite program, Telesat Canada; diluted its pending legislation regulating film distribution; withdrawn promised funding for various cultural projects; scheduled annual reductions in arts funding of $75-125 million (Cdn) through 1996; and imposed a rash of budget cuts affecting the CBC, native broadcasting, Telefilm Canada, and magazine postal subsidies—this last program being something which the United States once claimed Canada had "agreed to alter" as part of the FTA. Although the government insists that these decisions reflect budgetary considerations and are in no way linked to the agreement, their timing alarms many critics who fear that Canada is caving in to American pressure for a freer market in culture and submitting to the neo-conservative ideological perspective which such a position implies.[25] In the context of continued American pressure for changes to the agreement, it is precisely these kinds of concerns about the view of culture and the state embodied in FTA which demand a fresh perspective on the deal.

AMERICAN CULTURAL POLICY AND FREE TRADE

It is a national conceit that the average Canadian understands the United States far better than even the best-educated American could dream of comprehending Canada, especially where matters of culture are concerned. Nevertheless, in a 1986 paper on broadcasting and cultural sovereignty, John Meisel, the former head of the Canadian Radio-Television and Telecommunications Commission (CRTC), challenged Canada's cultural community to acquire a "thorough knowledge of the American system and American politics." The growing trend toward continental integration, he argued, makes it imperative that "the infinite subtleties and variations of American ideas, positions, and strategies...be fully understood and then utilized in the deployment of our plans."[26]

Although nothing epitomizes this changing bilateral relationship better than FTA, a review of the discourse on culture that it has engendered indicates that Meisel's message has fallen on deaf ears. Sifting through the mounds of commentary on the agreement, it is striking to discover how little of it deals empirically with culture in the United States. Taking their cue from the Canadian government, which chose not

to do a background study of American cultural industries prior to negotiating FTA, and which in 1987 produced a report on state aid to culture that drew comparisons with ten European countries but not the United States, commentators have focused almost entirely on domestic cultural policies and interests as though they alone are relevant to the deal.[27] But if national bias may discourage Canadians from investigating the American cultural system in detail, it does not prevent their thinking from being pervaded by a number of basic assumptions about the relationship of government to culture in the United States. Unfortunately, the problem is that some of these assumptions are false, including the notion that governments in the two countries take completely different approaches to culture, upon which the strategy of exemptionalism is based.

To a large extent, the logic of exemptionalism derives from the belief that Canadian cultural industries are heavily subsidized, tightly regulated, and strictly protected, while American cultural enterprise is entirely market-driven. According to one prominent Canadian economist, "all developed countries, except the U.S., implement cultural policies *vis-à-vis* cultural industries."[28] In the United States, so the argument goes, the arts are "supported by individual millionaires and their foundations" because other forms of cultural aid "are under attack from the U.S. government and private interests."[29] The purpose of the exemption is to prevent such attacks from crossing the border.

Technically, of course, Article 2005 applies equally to both countries. Yet the official Canadian and American versions of the agreement each leave the clear impression that it is Canadian cultural policy, not American, which stands outside the normal provisions of FTA. The explanatory notes which accompany the Canadian text of the agreement state explicitly that the exemption is designed to guarantee "the government's capacity to encourage and help Canada's cultural industries."[30] Similarly, the American version of the agreement declares categorically that "the Government of Canada and not the United States...is more likely to exercise the exemption for cultural industries."[31] But whereas the Canadian government exploits these bilateral contrasts as a means of justifying special protection for the nation's culture and satisfying public opinion at home, the Americans play up the disparities in order to cast Canada's treatment of culture in a negative light. No sooner was the final text of FTA signed than the Reagan Administration began complaining that Canadian cultural policies "constitute a discriminatory and unnecessary barrier to U.S. trade." Disdainful of the exemption, the Americans warned that they would be "mindful of the importance of discouraging...the exercise of and reliance on Article

2005(1) by the Government of Canada," and promised to retaliate "in such a manner as to discourage the creation of similar non-tariff barriers in other countries."[32]

Ultimately, this perception that American cultural policies are normal in a free trade arrangement, while Canadian actions are not, is best exemplified by the achievement of FTA itself. Virtually every policy change dictated by the agreement— whether on broadcast copyright, foreign investment, income tax deduction, and so on— involves adjustments to be made by Canada rather than the United States. If there is a pattern of conformity to be found in the cultural provisions of FTA, it is one by which Canadian policies are gradually harmonizing to American norms.

This raises obvious questions about the efficacy of cultural exemptionalism. But what makes these questions especially vexing is that they turn on the assumption that American culture operates independent of state intervention when the reality is that all levels of government are directly, and indirectly, involved in promoting and protecting culture through myriad forms of funding and regulation. Although it is true that "the American system of arts support rests primarily on private and local initiative," and that the level and structure of government involvement is less visible than in Canada, the state is active in the cultural sphere nevertheless.[33]

The implications of this conclusion are far-reaching, for they shatter one of the major premises behind the cultural provisions on free trade. By failing to understand the role of government in supporting American culture, Canada has needlessly weakened its bargaining position and made its claims for special protection appear more extraordinary— and American concessions more magnanimous— than they really are. If the cultural provisions of FTA are genuinely to advance their interests, Canadians must get a firmer grasp on the reality of cultural policy in the United States.

Although American proponents of free trade in culture may have a vested interest in denying their past, government in the United States has a long history of cultural activism dating back to the mid-19th century and has been instrumental in nurturing the development of many cultural institutions and industries. Moreover, government's role as cultural patron and regulator has greatly expanded since 1960 and continues to be important in spite of recent trends toward deregulation, budgetary restraint on non-military items, and politically motivated attacks on federal subsidization for controversial forms of aesthetic expression. One form of government activity which is often misunderstood involves public funding for culture.

As several recent studies of governmental support for the arts suggest, the task of accurately calculating official levels of cultural funding is extremely difficult. To begin with, there are problems in definition. A 1985 study by the National Endowment of the Arts estimated the per capita level of American government funding for the arts to be somewhere between $3 and $23 (US) annually, depending on which criteria of support was applied.[34] Aside from problems of definition, however, research into cultural funding is also hampered by the vagueness of reporting practices. Partly because the field of arts administration is new, "basic, complete statistics on the arts seem to be in short supply everywhere." In most countries "local government aid for the arts is almost a terra incognita," but even at the state, provincial, and national levels the job of tracking down how much money is spent "entails enormous amounts of work and ingenuity" because "government aid is tucked into many different agency budget lines" and is therefore difficult to find.[35] Nowhere are the obstacles to research more imposing than in the United States. Not only are there more than 83,000 governmental units in the United States, but decentralization and indirect subsidization are such dominant elements in the country's network of cultural support that the role of government is invariably underestimated, if not "hidden" altogether.[36]

Nevertheless, drawing on federal budget statements as well as Department of Commerce data on state and local funding, it is possible to get a rough picture of the level of direct government cultural subsidization for the year 1985. As Table 1 indicates, direct government appropriations to federal cultural agencies, commissions, endowments, and other institutions amounted to approximately $1.6 billion (US). Allowing for the conservatism of this estimate, however— the figure is somewhat low because certain cultural expenditures, such as those administered through the Departments of Education and State, are not clearly itemized in the budget report— the level of direct subsidization for culture is obviously minuscule in relation to the overall size of the federal budget. Furthermore, as cultural lobbyists correctly point out, despite some increase in base appropriations during the 1980s, the federal arts budget has not kept pace with inflation, and this has put numerous artists and institutions "in peril."[37]

Yet to focus on federal funding in isolation is misleading, for there is mounting evidence that the burden of cultural support is shifting to state and local levels, in part because of a deliberate policy of "devolution" emanating from Washington.[38] The activities of these lower levels of government cannot be overlooked, for they, too, fall within the purview of FTA. From 1980-87 state-level support for culture— prior to

Table 1. Federal Budget Appropriations for Culture, 1985
(US funds, millions of dollars)

National Endowment for the Arts	163,660
National Endowment for the Humanities	139,476
Institute of Museum Services	21,560
Smithsonian Institution	230,989
Library of Congress	324,765
National Archives and Records Service	100,626
National Commission on Libraries and Information Science	720
Department of the Interior	
Historic Preservation Fund	25,480
Kennedy Center for the Performing Arts	4,566
Department of Commerce	
National Telecommunications and Information Administration	37,479
Historical and Memorial Agencies	352
Advisory Council on Historic Preservation	1,546
American Monuments Commission	11,065
United States Holocaust Memorial Council	2,003
Federal Communications Commission	95,441
Board of International Broadcasting	121,628
Corporation for Public Broadcasting	150,500
United States Information Agency	
Educational and Cultural Exchange Programs	143,800
East-West Center	19,000
Commission of Fine Arts	374
Total	1,595,000

Source: Budget of the United States Government, FY 1986 (Washington: Office of Management of the Budget, 1985). These figures represent final 1985 appropriations as reported in the 1986 budget statement. The activities of these agencies are described in *The United States Government Manual, 1988/89* (Washington: Office of the Federal Registrar, 1988).

adjustments for inflation— more than doubled. In 1985 the 56 state and territorial arts agencies spent approximately $161.4 million (US) on arts funding, while combined state and local grants to public broadcasting were in excess of $363 million (US).[39] Unfortunately, figures on local funding are not available for 1985; but data from other studies reveals that more than 2,000 municipal and town governments are directly involved in cultural funding, and that collectively they accounted for approximately $300 million (US) of subsidies in 1982.[40] In short, the combined level of direct government funding in the cultural sphere in 1985 was in the neighborhood of $2.4 billion (US). Admittedly, this pales by comparison with the $3.3 billion (Cdn) spent that year by Canadian federal and provincial governments, most of which went to the CBC.[41] In the context of FTA, however, the critical point is that the money was spent at all, for it confirms that the principle of direct government involvement in culture is firmly established at every level of American public policy.

Of course, the real problem with trying to gauge the extent of American government funding for culture is that an emphasis on direct subsidization disguises the fact that the bulk of government support comes indirectly, in the form of hidden subsidies to artists and institutions, and through tax exemptions designed to encourage individual and corporate sponsorships of culture. These forms of government funding, which are less familiar in Canada, provide measures of assistance to the arts which are literally incalculable in value. For example, American cultural organizations are traditionally granted tax-exempt status and receive property tax waivers if they own real estate, regardless of its location. Even the major private radio and television corporations which are the embodiments of free-enterprise culture benefit from the federal policy of leasing the airwaves free of charge. And there are other examples, too. In the past the State Department has encouraged American film producers to send their work to designated Third World and Eastern bloc countries by promising to buy back foreign currency at adjusted rates. Similarly, through much of its history the United States Postal Service has subsidized the domestic magazine trade by offering reduced delivery rates.[42] Although this latter practice has recently ceased, it is especially ironic to note its historical importance given the blistering American critique of Canadian postal subsidies during the negotiations on free trade.

Important as these forms of assistance are, however, the most common type of indirect aid occurs when governments forego a percentage of tax revenues to which they are entitled as a means of stimulating cultural support. Estimates for 1983-84 suggest that all levels of govern-

ment in the United States committed approximately $2.4 billion (US) in tax expenditures to culture, which in turn generated about $4.5 billion (US) in corporate and individual funding.[43] Matching fund programs, whereby governments provide monies equivalent or proportional to amounts raised by cultural agencies through other means, is another important variation on this approach. It is indicative of the ingenuity of these strategies that Canadian contributors to American public radio and television stations which enjoy tax-exempt status in Canada as recognized educational charities can claim federal and provincial tax exemptions on their contributions, thereby translating Canadian tax exemption provisions into support for American culture. In the meantime, the money received by public broadcasting affiliates in this way can be used to claim additional funding in the United States through matching programs.

From the conventional American standpoint, the beauty of this system lies in its ability to preserve the myth that state intervention is unnecessary and potentially dangerous in the cultural sphere, and that private philanthropy and corporate "giving" are sufficient to do the trick. As Alan Feld, Michael O'Hara, and J. Mark Davidson Schuster point out in their recent analysis of American tax policy, the whole system of public support for culture is designed to reinforce these stereotypes. "The donor is treated in every version of this transaction, and by the media, as the sole source of funds," while the government's role in indirectly encouraging such donations through tax exemptions in the first place, or directly aiding culture through start-up grants or matching fund programs, is conveniently ignored. [44] Still, if it seems unfair to criticize Canadian commentators for failing to understand these things when few Americans "fully comprehend their own tradition of pluralistic support of the arts," it is nonetheless clear that Canadians need to divest themselves of conventional stereotypes about the putative role of government in the United States and examine American policy for what it is.[45]

A second dimension of American cultural policy which is relevant to the implementation of FTA, but somewhat misunderstood in Canada, concerns the role of government as regulator, particularly in the field of communications. Government regulation in this field interferes with free trade to the extent that it involves discriminatory policies on program content, investment and licensing, or copyright. For the most part, Canadian media experts tend to highlight the differences in the two countries' approaches in cultural regulation rather than their similarities.[46] Usually, the Canadian style of regulation is portrayed as aiming to mold a national culture through centralization, public ownership, and stringent restrictions on levels of foreign ownership and content. The

American system, on the other hand, is understood to be structured entirely around private enterprise, heavily oriented toward local control, and free of governmental interference with respect to ownership and content by virtue of First Amendment privileges protecting freedom of expression. In contrast to the CRTC which, despite recent criticism, is generally regarded as active and effective in determining national policy in the cultural sphere, the Federal Communications Commission (FCC), which is the chief regulatory body in the United States, is considered to be lax, toothless, and the captive of corporate interests.

These criticisms of the FCC have gained even more credibility in recent years because of a dramatic shift toward deregulation in the communications sector. The idea that "television is just another appliance...a toaster with pictures," which was so elegantly expressed by Mark Fowler, a Reagan-appointed head of the FCC, has been translated into legislative reality by several recent Supreme Court judgments and FCC decisions which considerably relax the regulatory grip on broadcasting and communications. Rulings which absolve commercial broadcasters of the obligation to do public service programming, strike down the mandate to provide balanced coverage of political issues (the so-called "fairness doctrine"), extend the license period for system operators, and enlarge the number of stations which a single owner may operate, all represent a move away from the concept of broadcaster as public trustee.[47]

Yet while there is no denying that deregulation is a force to be reckoned with in American cultural policy, there is some danger in confusing government inaction with a lack of power to intervene. As Barry Cole explains, while FCC commissioners often appear to be reluctant regulators, this has not always been the case and does not negate the fact that they hold "broad powers" even today.[48] By authority of the 1984 Cable Communications Policy Act, the FCC has the power to allocate spectrum space, grant and renew licenses, and oversee content in that area. Similarly, it retains the right to "regulate networks...through its power to regulate both those 'stations engaged in chain broadcasting' (i.e., network affiliates) and the networks' owned and operated stations." Indeed the history of FCC policy with regard to "chain broadcasting rules," "prime-time access and syndicated and financial interest rules," demonstrates that it has "substantial powers when it decides to exercise them over the operations of networks."[49] Moreover, as Robert Horowitz has shown, the FCC has periodically imposed content censorship in the past when it felt public decency, as opposed to private interest, was at issue. Finally, even though some of the FCC's powers over licensing have been revoked by the courts, one regulation which it can enforce that is especially relevant to FTA is the requirement that

applicants and officers of companies seeking television or radio licenses must be American citizens, as must 60 per cent of their shareholders.[50] Although the same restrictions do not apply to American cable ownership, the increasing levels of foreign investment in this sector have given rise to speculation that "some general limits to foreign ownership of U.S. telecommunications facilities will be forthcoming from the U.S. Congress" in "the near future."[51]

While the FCC has prime responsibilities in the regulatory sphere, it is not the only agency involved in developing and monitoring communications policy. At the federal level, the State Department's Bureau of International Communications and Information Policy plays an advisory role with regard to international telecommunications policies. More importantly, the National Telecommunications and Information Administration (NTIA), which was created in 1978 and operates within the Department of Commerce, is responsible for supporting "the development and growth of telecommunications, information, and related industries; furthering the efficient development and use of telecommunications and information services; providing policy and management for Federal use of the electro-magnetic spectrum; and providing telecommunications facilities grants to public service users." One other agency which has some responsibilities in this field is the Copyright Royalty Tribunal which was established in 1976 to set "copyright royalty rates for records, jukeboxes, and certain cable television retransmissions," and take "decisions regarding rates and terms of royalty payments for the use of published, nondramatic compositions and pictorial, graphic, and sculptural works by noncommercial broadcasting stations."[52] Finally, there are certain regulatory powers, particularly with respect to cable, which are exercised at the state and local levels. In 1963 Connecticut became the first state to issue cable regulations, and in the period since the FCC has gradually shifted more and more powers, particularly over franchising, to state and local bodies.

Despite the heavy atmosphere of deregulation in the United States, therefore, Canadians should not lose sight of the fact that "the influence of government (there)...is enduring and...only the form of its involvement changes." As Theodore Hagelin and Hudson Janisch have argued, "Canadian and U.S. broadcast policies might better be conceived of as crisscrossing or intersecting over time" than as being mutually exclusive. Just as Canadian policy is geared more toward industrial development and corporate welfare than it initially appears, American policy has shown a greater concern with "content regulation" than it is given credit for and "has relied increasingly on public broadcasting as a safety net for community needs and interests not satisfied by market forces in the commercial system."[53]

Reviewing the nature of cultural funding and regulation in the United States, it is clear that some practices differ from those which are normal in Canada. Important as these differences are, however, they can also be deceptive if seen in isolation. From the vantage point of free trade, it is equally relevant to acknowledge the broad policy similarities which exist between the two countries by recognizing that "a fully articulated system" of support for culture exists in the United States, and that government is instrumental in its success.[54] Despite a lot of politically-charged rhetoric to the contrary, the evidence suggests that in the United States culture is "one of those areas where segments of the public do not accept what the market provides; rather, they expect government to generate greater cultural availability and protection from the vagaries of the market."[55] Only by understanding these points fully and carrying out more research on the nature of American cultural policy can Canadian public affairs specialists hope to implement the cultural provisions of FTA in a fashion that best promotes the national interest

At bottom this is very much a question of strategy. Obviously there are some differences in the two countries' approaches to culture which need to be recognized in agreements such as FTA and which can be exploited advantageously by both sides. Therefore, by indulging the view that American culture operates unsupported and unfettered by government, Canadians no doubt hope to sanctify the distinctive role which the state plays in their own cultural affairs and strengthen the case for exemptionalism in the process. But in legitimizing a framework for negotiating cultural issues that falsely describes the American reality, distorts comparisons with Canada, and isolates Canadian cultural policies outside the normal channels of free trade, Canadians only weaken their position and leave themselves vulnerable to incessant American pressure for changes to the agreement. On the whole, Canada would be better off if it reminded the United States of its own historic tradition of government aid to culture and emphasized the genuine similarities which characterize current policies on both sides of the border.

FREE TRADE, CULTURE AND AMERICAN FOREIGN POLICY

If Canada's ability to anticipate and respond to its partner's initiatives under FTA is limited by a tendency to take the American cultural system for granted, it is also constrained by a failure to comprehend the United States' position on trade liberalization in culture in relation to its overall foreign and commercial policies. Because American officials often appear insincere or dismissive about Canada's cultural concerns, Canadians assume that the United States attaches little significance to

culture in international relations. Nothing could be further from the truth. Although American foreign policy makers may take a different approach to culture from their Canadian counterparts, the importance of the issue to the larger international agenda of the United States is much greater than is usually perceived. For more than a decade the United States has not only worked determinedly to redefine the concept of culture in international affairs by linking it to the free flow of information, technology transfer, exchange of services, and protection of intellectual property, it also has connected all of these issues to the doctrine of free trade. Yet while these initiatives are central to interpreting American motives in FTA, they hardly figure in the Canadian debate on the cultural provisions of the agreement.

In part, this marginalization reflects the general preference of those writers and artists who are most visible in the debate for interpreting culture in nationalist and/or spiritual terms.[56] Although a number of studies— including several by the federal government— have been published over the past fifteen years which examine the economics of Canadian culture, the perspective of political economy remains strangely peripheral to the debate on FTA.[57] But the deficiencies of the Canadian analysis also arise from the failure to examine the agreement in its proper international context, and the tendency to interpret American actions too narrowly within the framework of bilateralism. As Charles Doran observes, "one of the shortcomings of contemporary foreign policy analysis is its frequent depiction of Canada and the United States as a dyad, or pair, separable and separated from the rest of the international system."[58] By harping on the fact that the two countries are each other's principal trading partners and extolling the special relationship they profess to enjoy, Canadians overlook the importance of global considerations in the development and deployment of American policies regarding Canada.

In this context, the weakness in the Canadian analysis of the cultural provisions of FTA centers on the belief that the United States' main objective is to tighten its stranglehold on Canada's cultural industries and markets. Undoubtedly, this view makes perfect sense from the standpoint of Canadians who are justifiably concerned about their cultural sovereignty. Since cultural products account for $15-20 billion (Cdn) of Canadian economic activity annually and represent the country's fourth largest source of employment, it is obvious that the United States perceives some intrinsic economic advantage in consolidating its cultural occupation of Canada.[59] But what this interpretation obscures is the possibility that the American interest in the cultural provisions of FTA transcends the relationship with Canada. In the long term the United

States will derive more value from the extent to which the agreement contributes to a new definition of the relationship of culture to trade and sets precedents for bilateral and multilateral negotiations with other countries, than from the greater access to Canadian culture which it provides.

Any doubt about these points can be dispelled by reviewing the Congressional implementing legislation and other official American statements on the agreement, which place heavy emphasis on the precedent-setting nature of FTA. Among other things these documents stress the countries' joint undertaking to lobby internationally for improved intellectual property rights; characterize the culture-related provisions on national treatment in services, business travel, and investment as a "frontier of international commercial policy;" and vow to retaliate against Canadian "reliance" on the exemption "in such a manner as to discourage the creation of similar non-tariff barriers in other countries."[60] Such declarations are especially resonant now that the Bush administration has expressed the desire to create a "free-trade zone stretching from the port of Anchorage to Tierra del Fuego" and signaled its intention to negotiate a liberalized trade pact with Mexico by the end of 1991.[61]

Although Canada is also a party to the Mexican-American negotiations, the nature of its participation is anything but clear, and the United States has indicated that it will conclude a straight bilateral deal with Mexico if three-way talks bog down. Process aside, however, the mere discussion of greater North American free trade has disturbing implications for FTA. Culture is one area where this anxiety is particularly justified for the United States has announced that its main objectives in the Mexico round are to eliminate non-tariff barriers, remove foreign investment restrictions, and secure greater protection for intellectual property.[62] Furthermore, the United States Trade Representative has declared that there can be no cultural exemption for Mexico, and that the trilateral talks will provide an opportunity to renegotiate the relevant provisions of FTA.[63] As Canadians grapple with the realization that their cultural imperatives are increasingly bound up with American global interests and the aspirations of third parties like Mexico, the need to re-examine the cultural achievement of FTA in the context of United States' foreign and commercial policy becomes abundantly clear.

Despite the fact that cultural economics and diplomacy are not as extensively studied as other areas of public policy, culture is critical to advancing American interests globally. At the most immediate level, it is integral to the larger interests of the United States because of its intrinsic economic value. For example, although artists make up roughly

1 per cent of the civilian workforce and have relatively low personal earnings, the economic multiplier effect of their work is significant. Current estimates suggest that "for every dollar spent on the arts, at least four dollars are generated in the local economy," and sometimes the spinoffs are much greater.[64] Of course the economic impact of culture is even more tangible in the entertainment field. Motion pictures, radio, television, music and video recordings are multi-billion dollar industries with huge domestic and foreign markets. In 1986 the wage bill for motion picture production, distribution, services, and theaters was $5 billion (US); while that for theatrical producers, bands, orchestras, and entertainers was $2 billion (US). In 1987 radio and television broadcasting accounted for $12.7 billion (US) of American GNP; motion picture industry receipts were $20.7 billion (US); receipts for theatrical productions, bands, orchestras and entertainers were $6.3 billion (US); and factory sales of home entertainment electronic products were $21.8 billion (US).[65] Overall, foreign exchange in cultural products contributed a $1.5 billion (US) surplus to the American balance of trade in 1987.[66]

Apart from its economic value, culture also serves a vital propaganda function. The global marketing and distribution of American-made films, television shows, books, records, and videos, as well as tours by American musicians or traveling exhibits of American art, inevitably contribute to wider acceptance of United States' policies either by inculcating or reinforcing values which are consistent with its economic and security interests. Although most of this activity is the work of private enterprise acting in the name of commerce rather than patriotism, cultural diplomacy is also carried out directly by the American government through the Voice of America and various educational and cultural programs sponsored by the Department of State.[67]

Yet in order to fully appreciate the importance of culture to American interests globally it is necessary to understand the way in which culture is defined in United States' public policy. Culture has always been a difficult term to pin down, but its meaning has become even more intractable in the hands of United States' policy makers. Fundamental to the current American definition of culture is the concept of information. Traditionally, culture and information were distinguished from each other by the forms in which they appeared and the kinds of knowledge they conveyed. Whereas movies, paintings, ballet performances, or television dramas offered imaginative and subjective knowledge to their audiences, advertisements, data banks, or stock market reports imparted empirical messages that were alleged to be value neutral. In the mid-1970s, however, American officials "decreed the end to the largely arbitrary distinction between culture and information" on

the grounds that such distinctions had become anachronistic because the two concepts were constantly overlapping and increasingly linked.[68]

Technology, in particular, bridges the gap between culture and information because of the growing reliance on common tools for production and distribution. The same computer hardware and software applications which enable musical, poetic, or graphic compositions can be used to turn out factsheets, newsletters, or business reports. Similarly, the cables and satellites that transmit live opera to television audiences around the world also make available telephony or the weather channel.

There are even connections between culture and information in terms of their perceived relationship to market forces. Not only is a great deal of culture and information in the 1990s produced in industrial settings, sold for profit, and subject to some form of legal protection as property, there is growing acceptance of economic language which describes culture and information under the common heading "services." Beyond these market factors, the connections between culture and information also revolve around the growing assumption that they are identical in terms of content and the kind of knowledge they convey. Advertisements which rely on music and innovative graphic designs to sell products, or documentary cinema productions which depend on empirical research to make their point, offer convenient examples of this interaction between form and content. But in some cases, such as the notorious Vreeland costume exhibits at the Metropolitan Museum of Art, the line between advertisement and art is blurred altogether.[69]

From a logical standpoint, of course, there is something syllogistic in a process of reasoning which conflates culture with information. By collapsing the meanings of these terms around knowledge, technology, and the market, the ontological distinctions between art, propaganda, data processing, advertising, and news are effaced. The policy implications of this blurring are enormous, as the recent history of broadcasting and telecommunications effectively illustrate.

Because of technological "convergence" in the 1980s, "the boundary lines demarcating 'telecom' services [radio wire, microwave, and satellite voice and data transmissions], broadcast services [radio and television], and...certain computer technologies are no longer that distinct." The conventional points of contrast— one-way versus two-way transfer or the value of content over carriage— are difficult to sustain now that broadcasters can provide interactive, data-based programming, and telephone carriers have the capacity to plug into radio and television.[70] This convergence has had an enormous impact on the mandate of national regulatory agencies such as the FCC or the CRTC.

A shorthand illustration of this is the changed meaning of the acronym, CRTC, from Canadian Radio-Television Commission to Canadian Radio-television and Telecommunications Commission. But the transnational capabilities of the new technology also ramify in the international arena where it is a cliché to say that the global village has arrived. As Kenneth Dyson and Peter Humphreys explain, because devices such as direct broadcast satellites render national boundaries obsolete, the "autonomy of action of national and subnational governments" in the communications sphere has been deeply eroded, and a major shakeup in their policy structure has occurred. Increasingly, the formulation of domestic communications policies is carried out at the level of "statecraft" in order to take into account the interests of other countries which may be affected by them.[71]

In the context of American foreign and commercial policy, the most important consequence of redefining culture as information is that it blends into the larger debate on the unrestricted, or free flow, of knowledge across national borders, which in turn is inextricably connected to the issue of free trade. Although Canada's position on free flow is somewhat ambivalent, the United States has taken a highly visible stance on the issue which reflects a variety of ideological, security, and economic considerations.[72]

Shaken by its apparent vulnerability to energy dependence and dwindling economic competitiveness on the one hand, and haunted by military failures and perceived Cold War security threats on the other, the United States began in the 1970s to lash out against "unfair" trading practices and campaigns of "disinformation" which it alleged were being waged against it.[73] In ideological terms the neo-conservative ideals of liberalization, deregulation, and privatization which buttressed attacks against state intervention and protectionism in international trade were merely the flip side of declarations about rights of free expression, freedom to choose, or access to information that were integral to the struggle against communism and political repression. Just as a world without tariff barriers would allow the essential competitiveness and ingenuity of American enterprise to flourish, it was argued, so a world without iron curtains would enable a "truly effective and meaningful information campaign aimed at the promotion of democratization" to be seen and heard.[74]

The parallels between free trade and free flow were reinforced by economic considerations having to do with the transformation of the global economy into a system "based more on the exchange of information than on the marketing of goods."[75] During the 1980s it became increasingly clear that information-related activities were critical to the

sustainable economic development of the United States. Current estimates suggest that nearly 90 per cent of the 20 million jobs created in the United States from the mid-1970s to the mid-1980s were in the service sector, much of which is oriented to the transformation and distribution of information; that more than half the American wage bill and 40 per cent of investment derives from or is channeled into information industries; and that business alone spends approximately $700 billion (US) annually on "communications, telecommunications, postage, written correspondence, travel and meeting expenses."[76] But what makes this prodigious growth of the information sector doubly relevant to trade issues is its corporate, transnational structure, for the capacity to control the production, content, and distribution of information world-wide is increasingly monopolized by American multinationals. It is little wonder, then, that the United States is an ardent promoter of liberalization in culture and information and aggressive about rights of extraterritoriality as they affect branch plants of franchises.[77]

Unfortunately for the United States the major obstacle to these initiatives is the view, long shared by most of the world's trading partners, that the existence of special border protections for culture and information "cannot be compared to the regulation of such material matters as international trade."[78] In economic terms this differentiation between the treatment of culture and material goods is justified on the grounds that they do not function according to the same set of use values or market relations. For example, transactions involving agricultural products, clothing, or automotive goods are predicated on certain concepts of ownership and scarcity which do not necessarily apply in the realm of knowledge. Because ideas are neither finite nor scarce, they may be transferred and reused "without depleting...[their] value" and may actually gain in value the more widespread they become.[79] Moreover, in contrast to most manufactured goods which are made and sold "in direct response to ascertainable market demand," many cultural products are created according to aesthetic and political criteria which have little to do with standard economic thinking.[80]

Independent of these economic considerations, special rules for culture and information have also been developed on the diplomatic grounds of national security and the right to national self-determination. Ever since the International Telegraph Convention was signed in 1865, governments have insisted on the prerogative of regulating uninterceptable cross-border transmissions in order to protect national sovereignty. All countries, including the United States, have justified myriad subsidies and non-tariff barriers— such as restrictions on foreign ownership, fairness doctrines in media, and regulations enabling state

monopolies or private cartels— in the cultural and information sectors on the grounds of protecting public interest or nurturing domestic production.[81]

These historic concerns about the integrity of culture and information have only deepened over time with the growing realization that media and technology command enormous potential to influence public values and behavior. In forums such as the United Nations Educational, Scientific, and Cultural Organization (UNESCO) and the Intergovernmental Bureau for Informatics (IBI), developing countries, Eastern bloc states, and some small- and middle-power Western nations argue that the concept of free flow is discriminatory and should be replaced by a New World Information Order (NWIO) dedicated to the balanced flow of ideas.[82] The huge technological and economic disparities between nations, they say, effectively means that free flow is a one-way process in which culture and information emanate from but do not reciprocally enter wealthy nations, in particular the United States. Despite American assertions that free flow creates "diversity and multiplicity" by allowing "more voices to be heard, not fewer," critics of the doctrine contend that it actually restricts choice by consolidating an American "monopoly of knowledge" in the cultural sphere.[83] Cultural producers in smaller countries simply cannot compete with their foreign counterparts, and this in turn limits audience exposure to domestic productions. Nor does greater access to the technologies of culture and information necessarily promote self-expression, for there are significant imbalances in the kinds of technology which are transferred from richer to poorer nations. One example of this imbalance is the decline in broadcasting capability which Third World countries have suffered since the 1970s even as their markets for television sets have grown.[84]

Finally, critics of free flow and free trade in culture argue that the real victim of cultural industrialization and transnationalization is culture itself. As Herbert Schiller has recently pointed out, the current industrialization of culture and information has led to the virtual "corporate takeover of public expression" in the United States and its satellites. In an environment where culture and information are concentrated in fewer and fewer hands and increasingly available on a pay-per basis only, there is ample cause for concern about the impact which these developments have on access to, or control of, knowledge. Furthermore, because the political economy of incorporated culture seeks out the lowest common social denominator and is therefore oriented toward homogenization rather than diversity, it is equally legitimate to worry about what is happening to cultural quality. The rise of laterally-structured, transnational media empires on the one hand, and the growing corporate sponsorship of artistic production and monopoly of

public spaces where cultural events are performed on the other, inevitably contribute to what the French call "coca-colonization," a process whereby the social basis of culture is dehistoricized and decontextualized to enhance its mass market appeal.[85]

In short, while critics of trade liberalization in culture concede the point that the doctrines of free trade, technology transfer, cultural industrialization, and free flow go hand-in-hand, they view the offspring of this polygamous marriage negatively. "If free trade is the mechanism by which a powerful economy penetrates and dominates a weaker one," they argue, then "the 'free flow of information'...is the channel through which life styles and value systems can be imposed on poor and vulnerable societies."[86]

These arguments are rejected by the United States. According to government officials, industry spokespersons, and communications theorists such as the late Ithiel de Sola Pool, "culture does not need protection" because its values are universal. Culture is "what people are already attached to," and if foreign audiences happen to want American products it only means that those products reflect "world cultural tastes" in the first place. Far from benefiting domestic intellectual life, therefore, cultural protectionism is "damaging" to countries which practice it because it frustrates the acquisition of knowledge which would be useful to their socio-economic development.[87] Precisely because culture is universal and information is neutral, this argument continues, the invisible hand of the market is the most objective arbiter of taste and useful knowledge. But the justification for establishing a "free and open marketplace in ideas," creating "the freest possible exchange of information," and enabling the purchase of "intellectual and cultural products...at the lowest possible price," is also predicated on the assertion that culture and information are commodities like any other.[88] Insofar as culture and information products are often industrially produced and have an exchange value, the Americans maintain that they should logically be treated like material goods in the world system of trade.[89] Nor is there any room in this scheme of things for nationalist sentiment. According to Jason Berman of the American Association of Record Producers, the definition of culture applied by Canada in negotiating FTA reflected a "warped conception of nationalism and an utter incomprehension of the real nature of culture. Contrary to what Canadians think," he argues, "culture does not just mean protecting the historic characteristics of the nation. It's more than that and the definition must include the present."[90]

The diplomatic strategies which the United States has pursued in its efforts to create a free market in culture and information center on securing greater protection for intellectual property rights and liberaliz-

ing trade in services. Without entering into the legal debate about the purpose of copyrights with respect to ownership and access, it is possible to see where American trade strategy is going on intellectual property.[91] First, by lumping literary productions, scientific programs, and industrial designs in one category as intellectual products, the confusion between culture and information is effectively maintained. Secondly, by emphasizing that intellectual property rights are designed to support individual artists, writers, or composers, it is possible to hide the fact that "copyright has little to do any more with arts and literature, and certainly not with the cutting edge of music." Instead, these individual creators "are simply the front line troops at the head of an army of standardized industrial products— fungible pop records, soap operas, formula films, pulp books on the racks of airport book stores and the detritus of commercial file notes and correspondence."[92] Third, by associating ideas and works of art with concepts of property, ownership, and market value, it becomes feasible to discuss culture and information as commodities which are interchangeable with other products for trade.

The strategy with respect to services is equally transparent. Although the term "services" applies vaguely to a broad range of "amenities" which account for more than 25 per cent of world trade, one feature of many services is that they transform and distribute information.[93] Everything from higher education to entertainment, tourism, communications, and the arts can legitimately be classified as a service. Yet because the concept of services is relatively new to economic parlance, the international rules governing their exchange are confusing and ill-defined. Not surprisingly, the United States, which enjoys enormous competitive advantages in these areas, is keen to resolve this confusion by extending the GATT to include liberalized trade in services. At the same time, on the pretext that international communications deserves to be treated as a "trade issue" because communications render services, the Americans are also lobbying to shift the discussion of these issues out of forums such as UNESCO and the IBI, where they have traditionally been handled, and into the halls of financial institutions like GATT and the Organization of Economic Cooperation and Development (OECD).[94] Of course there is also an ulterior motive for the policy. In 1984 the Reagan administration withdrew its support for UNESCO on the grounds that the Communications branch of the organization had become unworkable because the opponents of American policy had politicized the debate on free flow. Significantly, this decision was accompanied by the statement that the "national interests" of the United States in the area of communications would be better served "by a vigorous alternative program that combines bilateral mechanisms, and private sector initiatives."[95] One of these bilateral mechanisms was FTA.

Looked at in this context, the cultural achievement of FTA is considerably different from what Canadian commentators normally describe. Obviously, the partial exemption for culture contained in Article 2005(1) is something the United States would prefer to have avoided, and one can understand why Canadian officials are so eager to dwell on it. But in spite of the exemption FTA established a framework for treating culture internationally which is consistent with recent American foreign and commercial policy initiatives. The exemption itself, though it ostensibly distinguished culture from ordinary rules of trade, manages to entrench the view that culture is really a species of commerce by another name. The fact that the exemption is leased to a rider clause allowing retaliatory "measures of equivalent effect" to be taken against non-cultural industries ties cultural activity inextricably to the economic world of the commodities sector. But the connection is also affirmed elsewhere in the agreement (Article 1607) by the provisions regarding Canadian government purchases of cultural industries from American investors, which stipulate that the market value of those industries will be determined by independent adjudicators "experienced and competent in the field of international investment" rather than by experts on culture.[96] Indeed it is symptomatic of the understanding that culture is a commodity that the terms "industry" and "business enterprise" are exclusively used to define cultural activity throughout the agreement.[97]

In addition to these points FTA also contributes to a new framework for dealing with trade in culture by what it fails to say. The refusal to draw any distinction between culture and information is especially revealing in the context of Annex 1404C on computer and telecommunications services, which specifically recognizes the rights and obligations of both parties to facilitate "the movement of information across the borders and access to data bases or related information stored, processed or otherwise held within the territory of a Party."[98] Considering that the list of occupations covered in this part of the agreement includes architects, educators, graphic artists, computer and enhanced telecommunications workers, photographers and educational researchers, and that this "trail blazing effort...could lay the foundation for further work [on services] multilaterally," the implications for culture of service liberalization are far-ranging.[99] Similarly, while the parties failed to reach a comprehensive agreement on intellectual property, they have created a basis for future talks with the requirement that Canadian cable networks pay copyright fees for cross-border retransmission rights. According to the Americans this requirement guarantees the principle of "fair and equitable market access [in Canada] to United States persons that rely upon copyright."[100]

By establishing the principle that culture is a commodity, by associating culture exclusively with industry, by formalizing a commitment to the transnational trade in knowledge, by liberalizing trade in information and cultural services, and by initiating the process for a comprehensive undertaking on intellectual property, the United States has furthered its global cultural interests through both direct and indirect means. In the process it has also set a precedent for follow-up negotiations on culture with Canada and laid a basis for future bilateral and multilateral agreements with other countries.

While these achievements may be fully consistent with established American interests, their relationship to traditional Canadian policy is far from clear. In particular, FTA's provisions on services, information, and intellectual property have the potential to undermine the authority of the cultural exemption by committing Canada to positions which run contrary to the intent of the exemption. One such scenario involves the contemplated sale to American interests of UTLAS, a bilingual data-base which is "the major keeper of bibliographic records in Canada" and is indispensable to cataloging and identifying Canadian library holdings. Although UTLAS was developed in Canada at public expense and presumably represents exactly the kind of cultural resource which the exemption is designed to protect, it is hard to see how Article 2005 could apply in this case because data-bases are not included in the list of cultural industries which it covers. Moreover, even if the exemption could be invoked, there is no guarantee that it would take precedence over other provisions of the agreement, including those on liberalized investment, free flow of information, and copyright privileges on intellectual property with which such a transaction would full accord.[101]

What this example illustrates is that Canadians can no longer afford to be oblivious to the fact that FTA is part of a much larger pattern of American foreign and commercial policies in which cultural issues play a prominent role. But the kinds of cultural concerns which the United States has raised and will continue to press for in future talks are also very different from those with which the Canadian discourse is normally concerned. In order to be adequately prepared for follow-up negotiations, therefore, Canadians must transcend their obsession with national identity and focus on the political economy of culture in the broadest context of American diplomacy and international affairs. Seen from this perspective it is evident that the fundamental issues raised by FTA concern the nature of culture and its relationship to information, technology, services, commodities, and property.

COMPARING FTA AND ITS PROTOTYPES

In addition to enriching Canadians' understanding of the American position on FTA, the advantage of interpreting the cultural provisions of the agreement outside the normal structure of Canada-U.S. bilateralism is that it enables comparisons with other international trade treaties which are relevant to Canada's interests. Indeed, the logic of this approach is dictated by the preamble to the agreement which describes FTA building upon, and serving as a catalyst to, "broader international cooperation" and multilateral negotiations at the GATT.[102] The official Canadian version is even more explicit. It states that FTA is modeled in its "objectives and scope" on several international trade agreements, among them the Convention Establishing the European Free Trade Association (EFTA, 1960); the Ireland and United Kingdom of Great Britain and Northern Ireland Agreement Establishing a Free Trade Area (1965); and the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA, 1983).[103] Also relevant, particularly now that the Canadian prime minister has raised the possibility of forming a North American common market, is the most comprehensive modern trade agreement, the Treaty of Rome, which established the European Economic Community (EEC, 1957).[104] Yet in spite of these connections and a great deal of exhortation from all sides about the inexorable realities of globalization, neither the champions nor the challengers of FTA have examined its cultural measures against those of its prototypes. Apart from a 54-page C.D. Howe Institute study, *Free Trade Areas, The European Experience: What Lessons for Canadian-U.S. Trade Liberalization?*, none of which deals explicitly with culture, there are no systematic comparisons of FTA with other agreements of which I am aware.[105] This is a glaring weakness. For a comparative approach not only reveals that the issues at stake in the Canada-U.S. agreement are less unique than they first appear, it also opens the way to establishing reference points—both technical and political— which may prove useful in the process of implementing FTA.

Typically, critics of the agreement scoff at the idea that such comparisons are worthwhile. Driven by the conviction that "Canada is `unique in the world'," they contend that no analogy to the Canadian-American situation is valid because no other country is "next door to a much larger country that not only shares the same language, but also has a culture and way of life that look remarkably similar from an external point of view."[106] Admittedly, it is hard to conceive of anything which compares with Margaret Atwood's description of life with "Them." "As a separate but dominated country," she writes, Canada "has done about as well under the United States as women, worldwide, have done under

men; about the only position they've ever adopted toward us, country to country, has been the missionary position, and we were not on the top."[107] While no one would deny that there are special problems inherent in being neighbor to the most powerful country in the world, there is something terribly self-indulgent about refusing to examine how the experiences of other small countries which live in the shadow of larger, socially similar nations, may be relevant to understanding Canada's plight. The irony in this refusal is all the more profound in light of the frequency with which foreign commentators cite the North American example when exploring their own countries' situations.[108]

In contrast to the chauvinism of FTA's opponents, some supporters of the agreement have latched onto international comparisons for the purpose of exploiting them in reductionist ways. The fact that countries like New Zealand or Ireland have not lost their identity is proof positive, they argue, that free trade poses no threat to cultural sovereignty. Representative of this outlook is the discussion by Richard Lipsey and Murray Smith of the Irish experience of free trade with the United Kingdom. "Irish culture," they assert, "never was overwhelmed by English culture" despite a "very close economic association that included a monetary union until the mid-1970s." According to Lipsey and Smith, "no visitor to Cork or Dublin could ever think he or she was in Manchester or London. Of course," they concede, "the antagonisms of history will hold the Irish and English apart politically, but the relevant point for the present discussion is that a very much closer economic association than the one contemplated between Canada and the United States did not lead to greater Anglicizing of Irish culture."[109] Compelling as these statements may seem, they ultimately beg the very issue they pretend to understand. Instead of developing comparisons with the cultural provisions of other trade agreements, these arguments preclude them by substituting superficial impressions for the authority of full-fledged analysis.

Ireland is a case in point. Contrary to Lipsey and Smith, some recent studies conclude that Ireland's cultural sovereignty has indeed been seriously "eroded" by free trade with the United Kingdom and membership in the EEC. In a country where less than 4 per cent of television time is allocated to domestically-produced programs and the circulation of British periodicals has grown dramatically, it is obvious that the "pressure on Irish identity from mass media is tremendous. What has been proved in Ireland," one commentator concludes, "is that, however strong it is held, and however long it has been fought for, the objective of autonomous cultural development cannot be achieved if a country embraces integration in the international market economy."[110]

In industries such as cable, satellite, and television, membership in the EEC has only consolidated "the historic client role of the Irish state" by further opening up the country to transnational companies seeking assembly and broadcast jumpoff points for their European operations. According to this view, liberalized trade in the information sector amounts to another opportunity for "promoting the interests of international finance capital over and above the communication needs of the Irish people."[111]

Nor is this sense of cultural vulnerability to free trade peculiar to Ireland. During the negotiations on ANZCERTA, many New Zealanders, including proponents of the agreement, likewise expressed "fears" that they "might be swamped by Australia culturally." In language which most Canadians would readily understand, Colin James contrasted the self-confidence and recent international success of Australian literature and film with New Zealand's ongoing quest for a "distinct culture" and acknowledged in the process that ANZCERTA "has a significance beyond economic and trade issues."[112]

Nowhere are these concerns with maintaining cultural identity more revealing than in the EEC. Founded in an atmosphere of postwar reconstruction and Cold War tension, the EEC is unique among trading blocs because of the profoundly anti-nationalist origins of its outlook. At the outset the Community dedicated itself to the view that "the political concept of national sovereignty" was a destructive relic of "yesteryear."[113] To the extent that the EEC had a cultural mission, it was to transcend nationalist feelings by establishing institutions such as the European Community and European Foundation which could evoke a pan-European identity based on the idea of a common heritage. These deals are still important ingredients of EEC doctrine today.[114] But while the desire to achieve full economic union in 1992 as a prelude to eventual political union remains paramount in official Community policy, the cultural assumptions which underlie these ambitions have changed dramatically in recent years. Without abandoning the traditional priority of promoting a pan-European culture, many member states are now equally committed to sustaining and strengthening the individual, national cultures of Europe. In a far cry from what the Community founders envisioned, it is standard language in EEC documents these days to acknowledge "the specific cultural identity of each Member State" and emphasize respect for their diversity.[115] Indeed, some of the Community's biggest boosters argue that "cultural pluralism," instead of being an obstacle to European union, is the best strategy for achieving it.[116] Recent directives on cultural policy which aim at "promoting multilingualism" and "supporting the promotion of culture in the

regions," are one manifestation of this attitude, while growing concerns over the "threat to Europe's cultural independence" posed by "the invasion" of American and Japanese radio and television are another.[117]

This turnaround in the EEC's appreciation of culture sprung in large measure from efforts to expand the Community in the 1970s to include countries whose interests differed from those of the charter members. During the negotiations on an enlarged union in the early 1970s, the smaller candidates for membership such as Denmark and Norway expressed strong reservations about the cultural implications of established Community policies. In contrast to the standard EEC position on common heritage, for example, the Danes advocated different priorities centered on "our common task to preserve" the various national "differences in mode of life and outlook determined by cultural and historical factors which...are part of Europe's heritage." While the Danes professed to share the ideal of achieving "full understanding among the peoples of Europe," they concluded that such a consensus could "only" be secured "through greater knowledge of the national background and character of the individual European countries."[118] Satisfied that its concerns could be addressed within the Community framework, Denmark opted to join the EEC. The response in Norway, however, was just the opposite. When the Norwegians rejected the EEC by national plebiscite in 1972, they acted partly out of apprehension that their "culture and language would suffer" in the larger arrangement. Using arguments reminiscent of those which are often heard in Canada, anti-marketeers predicted that "foreign books and papers" produced by large transnational enterprises would "swamp" the country and eliminate "cultural diversity."[119] Although other factors underlay Norway's decision, these types of fears about the country's ability to "preserve its cherished identity within a community that has not always handled small states' susceptibilities very tenderly" were conspicuous.[120]

Because the problem of reconciling a commitment to freer trade with the desire to preserve cultural distinctiveness is more commonplace than either the supporters or the opponents of FTA imagine, it is relevant to examine how it has been addressed in other agreements. Obviously there are certain difficulties inherent in comparing such documents. Although the prototype agreements reflect common commitments to trade liberalization and harmonization, they each have separate agendas to fulfill. History is a determining factor here, for there are vast differences in the national characteristics of the parties to these agreements— having to do with demography, cultural heritage, political structure, and power— and in their traditional relations with each other. Similarly, the fact that some of these agreements originated two

or three decades ago also creates complications, even though it usefully illustrates the process by which charter documents are revised and altered with time.

In contrast to the explicit definition of cultural industries and measures on culture, intellectual property, and culture-related services in the Canada-U.S. trade deal, the most striking thing about the charter versions of the prototype agreements is that the word "culture" never appears in them. Yet in spite of this gap the original treaties all include measures which directly affect culture. The most obvious are the various tariff adjustments on cultural products listed in their respective duty schedules. But in line with Article XX of the GATT, the founding documents also stipulate a number of exceptional circumstances under which parties to the agreements may prohibit or restrict the movement of goods or services in order to "protect their legitimate national interests." These include the right to protect "intellectual...property rights, and copyrights" (EFTA, Anglo-Irish FTA, and ANZCERTA); "public morals" (all agreements); and "national treasures of artistic, historical or archaeological value" (all agreements).[121]

Yet if culture received scant treatment when the charter documents were drafted, it has taken on heightened significance since. Partly this is due to economics and the growing conviction among policy makers that "cultural industries are the industries of the future."[122] In Australia, for instance, the government estimates that 41.5 per cent of the workforce is in the information sector, and that the "value of goods and services provided by...arts, film and related industry groups runs to billions of [Australian] dollars."[123] The same is true in Europe. An EEC study indicates that 55 per cent of value added and 62 per cent of Community jobs derive from the exchange of information and predicts that the Community's future growth "will be determined by the development of telecommunications," which will account for 7 per cent of the total Gross Domestic Product (GDP) by the year 2,000.[124] These realities, together with the sudden, extraordinary "growth of trade...in ideas" which has occurred over the past few years, have convinced European Commission president Jacques Delors that culture must be a priority sector for future negotiations.[125]

But impressive as these economic statistics are, they cannot mask the fact that the parties to the prototype agreements are mainly net importers of recorded music, film, television programs, magazines, books, and other cultural products. Indeed in countries such as Ireland, Belgium, Denmark, and Austria, certain cultural sectors are almost entirely dominated by foreign products, many of which, admittedly, originate outside the relevant trading bloc.[126] Therefore, a second reason

why culture has taken on heightened significance in free trade negotiations in Europe, Australia, and New Zealand is political. The phenomena of cultural incorporation and transnationalization raise fundamental questions about the role of the state and the imperatives of cultural nationalism which are not easily answered in relation to the avowed principles of free trade. These difficulties are apparent from reviewing recent negotiations on culture aimed at amending, or extending, the prototype agreements.

For example, although the partners to EFTA have been negotiating new policies on information technology, telecommunications, and intellectual property since the mid-1980s, they have been unable to reach a comprehensive agreement on any of these issues.[127] Similarly, while Australia and New Zealand concluded a "Protocol on Trade in Services" in 1988 which greatly expands their trade relationship, the document is notably cautious on matters pertaining to culture and communications and specifically exempts the regulation and ownership of telecommunications facilities, radio, television, shortwave, and satellite broadcasting. But what these negotiations also reveal is that the members of ANZCERTA and EFTA do not interpret trade liberalization as necessarily precluding government activism in the cultural sphere.[128]

Not only do the parties to EFTA acknowledge "the differences in institutional and economic structures of the Member States," they categorically reject any "obligation to harmonize government aids" in the economic sector and evince strong commitments to public ownership and state subsidization for culture in their national policies.[129] Even in areas such as satellite broadcasting, where the Nordic countries have shown growing enthusiasm for private investment and transnationalization, the redirection has been matched by increased state activity in joint satellite programs, the addition of more public television channels, and the implementation of more stringent government regulations on indigenous programming.[130] Apparently the same attitudes prevail in Australia and New Zealand where, in the first four years after ANZCERTA was concluded, the Australian government's support for the arts increased by 34-125 per cent, depending on the activity involved.[131]

Easily the most complex response to the new challenges in the cultural sector is to be found in the EEC. Since its first *communiqué* on culture, "Community Action in the Cultural Sector," was published in 1977, the EEC has done a number of related studies which are meant to be the basis for new internal agreements. One area where tangible progress has been made involves the various cooperative measures introduced to promote and protect the European audio-visual industry.

These measures, which often involve large doses of state intervention by individual countries, provide support for the production, distribution, and funding of co-produced, low-budget films, technical standardization of satellite broadcasting, and the imposition of broadcasting quotas for programs of Community origin. But while cooperative programs such as these are tremendously popular, there is much less consensus when it comes to the maintenance or extension of government regulatory functions in the arts and communication spheres.

Reviewing the major green papers and directives on broadcasting, telecommunications, and other forms of cultural activity published in the past several years, it is apparent that the official Community position favors movement toward greater liberalization in this sector of the economy. For more than a decade it has been a leading goal of EEC cultural policy to achieve the full "application of the EEC Treaty," including "freedom of movement and establishment, harmonization of taxation systems and legislation."[132] Nevertheless, the Community also supports specific protection for minority cultures and recognizes the legitimacy of state aid to culture "even if it is organized industrially," provided such aid does not discriminate against residents on the basis of nationality.[133] In spite of the "anti-competitive effect" of such activities, this position is consistent with the general guidelines of the Treaty of Rome which permit state intervention as long as "it does not also have an effect on interstate trade" within the Community.[134]

Not surprisingly, the most controversial area of Community cultural policy involves the field of broadcasting. Following discussion of a 1984 green paper entitled "Television Without Frontiers," the European Council issued a proposal in 1986 which would enable broadcasts originating in the Community "to circulate freely throughout the Community unrestricted by divergent national requirements in the receiving States." Although national governments might retain the right to regulate and subsidize internal transmissions, they would not be able under the proposal to restrict or prohibit broadcasts which originate within the Community on "grounds such as the protection of national economic, social or cultural interests, values or objectives."[135] Ostensibly, this agreement would promote the "free flow of information and ideas within the Community." But the fact that the proposal also sets a quota of 60 per cent European programming on Community television which is designed to screen out competition from Japan and the United States suggests that the commitment to free flow is ambivalent. Instead, the prime motivation for trying to develop a cross-border broadcasting policy is to "stimulate the development of *broadcasting as a strategic sector* of the Community's *telecommunications industry*, necessitating the exten-

sive use of modern technology and equipment such as satellites, cable networks, antennas, television receivers, etc."[136]

This infatuation with the market possibilities of culture is also visible nationally in the policies of many of the Community's members. In France, Germany, Italy, and the United Kingdom, where privatization and "re-regulation" have become leading elements of contemporary media policy, broadcasting policy is regarded as the "Anglo-American Trojan Horse in Europe."[137] But there is also tremendous confusion about the implementation of these new policies and a wide difference of opinion about their net effect, especially on traditional public broadcasting services. Although there seems to be a consensus developing that the old trusteeship function of the state should be supplemented, one must not be carried away by first impressions, for the state remains active in the broadcasting sector of most European countries. Similarly, the failure of the Community to define uniform standards or reach comprehensive agreements on culture is indicative of the power which conventional arguments over sovereignty still command. Nor do the early judgments on cultural matters rendered by the European Court reveal any clear direction which the EEC is taking.[138] In light of the stalemate which the Community proposal on television seems to have produced, some commentators even question "the whole ideas of EEC action in this field (except maybe for the sake of consumer protection)." According to this view, "it does not make sense to talk about a common EEC situation or any common EEC problems, and there are no general EEC solutions since there is no common problem."[139]

Despite the vagueness and contradictions typifying many aspects of cultural policy in the prototype agreements, Canadians can still draw some useful conclusions about the difficulties of assimilating culture into agreements on free trade. Above all, the case histories of these agreements demonstrate that trade agreements are meant to be altered. If experience is any guide, there is little reason to expect that Article 2005(1) will be a permanent solution to Canadian cultural anxieties. Similarly, the failure of these agreements to reach anything like a comprehensive policy on culture is indicative of the extraordinarily complex nature of the challenge. Even the EEC, which has a well-established institutional framework and a clear sense of political direction, has at best achieved mixed results in its negotiations on bringing culture into conformity with the larger principles of the Treaty of Rome. Still, it is evident from the changing rhetoric of the prototypes that the old view which differentiated culture from other forms of exchange and industry no longer enjoys hegemony now that cultural activity is perceived to be immensely profitable. But even in this context, the parties

to the prototype agreements remain sensitive to the legitimacy of each other's concerns about national distinctiveness and remain remarkably faithful in practice to the principles of government aid and regulatory activity in the cultural sphere.

From a Canadian perspective these are significant points, for many of the programs which have long been deemed central to Canada's cultural policy, but are contested by the United States, have equivalents in other countries which profess an abiding commitment to free trade. These parallels deserve to be investigated more closely. While it may be true that the strategy of cultural exemptionalism is unique to FTA, concerns about accommodating culture to liberalized trade schemes are not. It is to Canada's advantage to learn more about the strengths and weaknesses of other agreements as it prepares for future dealings with the United States.

CONCLUSION

Like it or not the cultural provisions of FTA are now reality. But while their meaning is uncertain and subject to re-negotiation, there is no doubt that the relationship of culture to trade and diplomacy is on the verge of massive change. Throughout the trade debate Canadians have focused their attention on the advantages of cultural exemptionalism as a means of preserving their sovereignty *vis-à-vis* the United States. This is a logical and unavoidable concern in the context of Canadian politics and diplomacy and it deserves continued emphasis. But the problem with focusing on this issue in isolation is that it masks the complexity of the cultural questions raised by the doctrine of free trade. Looking at American policy over the past fifteen years and comparing FTA with other international trade agreements, it is clear that the debate on culture increasingly revolves around its meaning in relation to other forms of knowledge, and the altered value of cultural production to the changing structure of the global economy. Fundamental to both of these issues are ideological disputes about the benefits of state policy versus private enterprise, and the competing claims of individual rights against public interest. In order to respond effectively to the cultural challenges posed by the doctrine of free trade in general, and the provisions of FTA in particular, Canadians must break away from the nationalist paradigm which has traditionally determined their thinking on culture and examine the political economy of culture in an international context. Ironically, while the cultural exemption in FTA does little to resolve these fundamental issues, it provides the breathing space in which a renewed and refocused debate can begin.

Notes

(1)The argument for vigilance is clearly articulated in Canada, *Report of the Royal Commission on the Economic Union and Development Prospects for Canada* (Ottawa: Minister of Supply and Services, 1985), Vol. 1, 352 [hereafter cited as *Macdonald Report*].

(2)United States Trade Representative Carla Hills, quoted in "Culture Exemption not Favoured in Trade Talks," *Globe and Mail*, February 22, 1991, A-10.

(3)Jennifer Lewington, "Filling FTA Gaps Poses Formidable Task for Trade Negotiators," *Globe and Mail*, November 21, 1989, C-6.

(4)"Culture Exemption not Favoured," A-10. See also John Saunders, "FTA May Be Reopened: U.S. Hopes to 'Improve' Deal," *Globe and Mail*, February 7, 1991, B-1, B-2.

(5)United States, *United States-Canada Free Trade Agreement Implementation Act of 1988* (Washington: GPO 1988), 57-59.

(6)Barbara Fairbairn, "Implications of Free Trade for Television Broadcasting in Canada," in "Practising the Arts in Canada," ed. by Fernand Harvey, *Canadian Issues/Thèmes canadiens* xi (1989): 81; Allan Smith, "Canadian Culture, the Canadian State, and the New Continentalism," *Canadian-American Public Policy* 3 (October 1990): 7.

(7)Brian Anthony, "Negotiating Canadian Culture: What's at Stake?" *Canadian Business Review* 13 (Summer 1986): 16.

(8)*Report of the Task Force on Funding of the Arts* (Ottawa: Minister of Supply and Services, 1986), 22 [hereafter cited as *Bovey Report*].

(9)Quoted in Susan Crean, *Who's Afraid of Canadian Culture?* (Don Mills: General, 1976), 5-6.

(10)*Report of the Federal Cultural Policy Review Committee* (Ottawa: Minister of Supply and Services, 1982), 63-101 [hereafter cited as *Applebaum-Hébert Report*]. See also Smith, "Canadian Culture"; Marc Raboy, *Missed Opportunities: The Story of Canada's Broadcasting Policy* (Montreal: McGill-Queen's University Press, 1990); Robert E. Babe, *Telecommunications in Canada: Technology, Industry and Government* (Toronto: University of

Toronto Press, 1990); Mary Vipond, *The Mass Media in Canada* (Toronto: Lorimer, 1989); John Meisel and Jean Van Loon, "Cultivating the Bushgarden: Cultural Policy in Canada," *The Patron State: Government and the Arts in Europe, North America and Japan*, ed. by Milton C. Cummings, Jr. and Richard S. Katz (New York: Oxford University Press, 1987), 276-310; Paul Audley, *Canada's Cultural Industries: Broadcasting, Publishing, Records and Film* (Toronto: Lorimer, 1983); Bernard Ostry, *The Cultural Connection: An Essay on Culture and Government Policy in Canada* (Toronto: McClelland and Stewart, 1976).

(11)Ralph Heintzman, "Broken Links," *Saturday Night* (February 1988): 17; Margaret Atwood, "Just What Are We Getting Into?" *Globe and Mail*, November 5, 1987, A-7.

(12)Editorial, "Straight Talk on Free Trade," *Globe and Mail*, November 3, 1988, A-12. See also speech by Rt. Hon. Brian Mulroney, Canada, House of Commons, *Debates*, August 30, 1988, 19049, reprinted in *Partners Nevertheless: Canadian-American Relations in the Twentieth Century* ed. by Norman Hillmer (Mississauga: Copp Clark 1989), 152-63; Robert E. Ankli, "Free-Trade Pros Outweigh Cons in the Long Run," *Globe and Mail*, January 15, 1988, A-7. The argument for cultural efficiency is made by Stephen Globerman and Aidan Vining, "Canadian Culture under Free Trade," *Canadian Business Review* 13 (Summer 1986): 18-22.

(13)Canada, *Report of the Task Force on Broadcasting Policy* (Ottawa: Minister of Supply and Services, 1986), 41 [hereafter cited as *Caplan-Sauvageau Report*].

(14)*Macdonald Report* Vol. 1, 310.

(15)Canada, Department of External Affairs, "Free Trade Agreement Between Canada and the United States of America: Text, Explanatory Notes," in *Trade: Securing Canada's Future* (Ottawa: Minister of Supply and Services, 1988), 292 [hereafter cited as *FTA*].

(16)Hon. Pat Carney, "Canada's New Free Trade Agreement: Culture," (Ottawa: External Affairs, n.d.), pamphlet; *FTA*, 292; Simon Reisman, Let's Get it Straight," *Globe and Mail*, October 4, 1988, A-7.

(17)Advertisement, "Artists and Writers for Free Trade," *Globe and Mail* November 19, 1988, A-6. On the cultural groups opposed to FTA, see

"Free Trade Battle Lines Drawn," ed. Diana Shepherd, *Quill & Quire* (September 1988): 58-59.

(18)Speech by Hon. Flora MacDonald, reprinted in *Arts Bulletin* (Summer 1988): 23. Some foreign policy analysts dispute the notion that exemptionalism is ever good strategy for Canada. See R.D. Cuff and J.L. Granatstein, "Canada and the Perils of `Exemptionalism'," *Ties That Bind: Canadian-American Relations in Wartime from the Great War to the Cold War* (Toronto: Samuel Stevens, 1977), 161; Donald Barry, "The Politics of `Exceptionalism': Canada and the United States as a Distinctive International Relationship," *Dalhousie Review* 60 (1980): 114-37.

(19)Susan Crean, "Reading Between the Lies: Culture and the Free-Trade Agreement," *The Free Trade Deal* ed. by Duncan Cameron (Toronto: Lorimer, 1988), 223.

(20)Rick Salutin, "What Kind of Canada?" *The Facts on Free Trade* ed. by Ed Finn *et al.* (Toronto: Lorimer 1988), 83, and Crean, "Reading," 231.

(21)Fairbairn, "Implications for Television Broadcasting," 80-81.

(22)Robert O. Keohane and Joseph S. Nye, Jr., "Introduction: The Complex Politics of Canadian-American Interdependence," *Canada and the United States: Transnational and Transgovernmental Relations* ed. by Annette Baker Fox, Alfred Hero, Jr., and Joseph S. Nye, Jr. (New York: Columbia University Press, 1976), 13.

(23)*Macdonald Report*, vol. 3, 420. See also J.G. Godsoe, "Free Trade May Go Ahead But It Won't Last For Long," *Globe and Mail*, November 18, 1988, A-7.

(24)Stephen Godfrey, "Is Culture Truly Excluded from Free Trade?" *Globe and Mail*, January 20, 1990, C-1.

(25)"Summary Text of Agreement," *Globe and Mail*, October 5, 1987, A-8; Godfrey, "Truly Excluded," C-1, C-3; Matthew Fraser, "Budget '90's Bottom Line: CBC Got Rough Ride from Tories," *Gazette* [Montreal] February 24, 1990, H-13; Christopher Harris and Isabel Vincent, "Arts Groups Bitter, Disappointed: New Budget Seen as `Very Bad News for the Cultural Sector'," *Globe and Mail*, February 27, 1991, A-11; Matthew Fraser, "Ottawa's Lifting of Postal Subsidy Challenges Rich, Poor Maga-

zines," *Gazette* [Montreal] March 19, 1990, H-2; John Partridge, "Grants Replace Publisher Postal Subsidy," *Globe and Mail*, June 28, 1990, B-1, B-2.

(26)John Meisel, "Escaping Extinction: Cultural Defence of an Independent Border," *Southern Exposure: Canadian Perspectives on the United States* ed. by D.H. Flaherty and W.R.McKercher (1986), reprinted in *Partners Nevertheless*, 301.

(27)Canada, Department of Communications, *Vital Links: Canadian Cultural Industries* (Ottawa: Minister of Supply and Services, 1987). Passing reference to similar American policies can be found in Rt. Hon. Joe Clark, "Trade Negotiations and Cultural Industries," *Canadian Trade Negotiation: Introduction, Selected Documents, Further Reading* (Ottawa: Minister of Supply and Services, 1986); and editorial, "Cultural Interests," *Globe and Mail*, October 19, 1988, A-6. See also Smith, "Canadian Culture," 5-6.

(28)Albert Breton, "Why the Arts, Culture and Free Trade with the U.S. Cannot Mix," *Arts Bulletin* (Fall 1986): 10. See also Salutin, "What Kind of Canada?"

(29)John Warnock, *Free Trade and the New Right Agenda* (Vancouver: New Star, 1988), 224. See also Ian Parker, "The Free-Trade Challenge," *Canadian Forum, Supplement* (February/March 1988): 35.

(30)*FTA*, 292.

(31)United States, "Statement of Administrative Action," *The United States: Canada Free-Trade Agreement Implementation Act of 1988* (Washington: GPO, 1988), 132.

(32)"Summary Text," A-8; "Administrative Action," 132.

(33)United States, National Endowment for the Arts, *1965-1985: A Brief Chronology of Federal Involvement in the Arts* (Washington: GPO, 1986), 3.

(34)J.Mark Davidson Schuster, *Supporting the Arts: An International Comparative Study* (Washington: National Endowment for the Arts, 1985), 45.

(35)Milton C. Cummings, Jr., and Richard S. Katz, "Government and the Arts in the Modern World: Trends and Prospects," *The Patron State*, 359.

(36)On the size of government see United States Department of Commerce, *Statistical Abstract of the United States* (Washington: GPO, 1988), 255. On government's hidden role in culture, see Alan L. Feld, Michael O'Hare and J. Mark Davidson Schuster, *Patrons Despite Themselves: Taxpayers and Arts Policy* (New York: New York University Press, 1983); Kevin V. Mulcahy, "Government and the Arts in the United States," *The Patron State*, 311-32; *Public Policy and the Arts*, ed. Kevin V. Mulcahy and C. Richard Swaim (Boulder: Westview, 1982); *The Arts and Public Policy in the United States*, ed. by W. McNeil Lowry (Englewood Cliffs: Prentice-Hall, 1984); and the special volume on arts funding in *Annals of the American Academy of Political and Social Sciences* 471 (1964), ed. by Patricia A. McFate.

(37) Cora Cahan, quoted in William H. Honan, "Pleas for the Arts Take On a Nervous Edge," *New York Times*, March 26, 1989, E-17. See also Kathleen D. McCarthy, "American Cultural Philanthropy: Past, Present, and Future, in *Annals* (471 (1984): 13-26; Kenneth Goody, "Arts Funding: Growth and Change Between 1963 and 1983," in *Annals*, 144-57.

(38)Schuster, *Supporting the Arts*, 26.

(39)Tables 386, 866, in *Statistical Abstract* (1988).

(40)Schuster, *Supporting the Arts*, 43; Arthur Svenson, "State and Local Arts Agencies," *Public Policy*, 195-211.

(41)Statistics Canada, *Canada Year Book, 1988: A Review of Economic, Social and Political Developments in Canada* (Ottawa: Minister of Supply and Services, 1987), 15:1-15:29.

(42)These policies are discussed in Feld *et al.*, *Despite Themselves*; Kevin V. Mulcahy, "The Attack on Public Culture: Policy Revisionism in a Conservative Era," in *Public Policy*, 303-24; Cummings and Katz, "Government and the Arts," 12; Thomas Guback, "International Circulation of U.S. Theatrical Films and Television Programming," *World Communications: A Handbook*, ed. by George Gerbner and Marsha Siefert (New York: Longman, 1984), 153-63.

(43)Shuster, *Supporting the Arts*, 51; Table 600 in *Statistical Abstract* (1988).

(44)Feld *et al.*, 7.

(45)Kitty Carlisle Hart, "Changing Public Attitudes Toward Funding of the Arts," *Annals* 471 (1984): 54.

(46)See, for example, Frank W. Peers, "Canada and the United States: Comparative Origins and Approaches to Broadcast Policy," *Cultures in Collision: The Interaction of Canadian and U.S. Television Broadcast Policy* (New York: Praeger, 1984), 11-34.

(47)Quoted in Bernard D. Nossiter, "The F.C.C.'s Big Giveaway Show," *The Nation*, October 26, 1985: 402. On recent trends in American policy, see Barry Cole and Mal Oettinger, *Reluctant Regulators: The FCC and the Broadcast Audience* (Reading: Addison-Wesley, 1978); Christopher H. Sterling, "Television and Radio Broadcasting," and "Cable and Pay Television," in *Who Owns the Media? Concentration of Ownership in the Mass Communications Industry*, ed. by Benjamin M. Compaine (White Plains: Knowledge, 1979), 61-126, 293-317; Robert Britt Horowitz, *The Irony of Regulatory Reform: The Deregulation of American Telecommunications* (New York: Oxford University Press, 1989).

(48)Barry Cole, "Comment," in *Cultures in Collision*, 39.

(49)Cole, "Comment," 35-39.

(50)Sterling, "Television," 77.

(51)Vernone Sparkes, "Cable Television in the United States: A Story of Continuing Growth and Change," *Cable Television and the Future of Broadcasting*, ed. by Ralph Negrine (New York: St. Martin's, 1985), 35. On recent Congressional efforts to re-regulate the cable industry, see "U.S. Bill to Diffuse Static over Cable TV," *Globe and Mail* June 29, 1990, B-4.

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